

Message Text

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PAGE 01 KUWAIT 02964 181345Z

45

ACTION NEA-12

INFO OCT-01 EUR-25 ADP-00 FS-01 ABF-01 OMB-01 TRSE-00

FRB-02 L-03 CIAE-00 DODE-00 INR-10 NSAE-00 PA-03

RSC-01 USIA-15 PRS-01 COME-00 CIEP-02 RSR-01 /079 W

----- 123167

R 181240Z AUG 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 7417

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY PARIS

USMISSION OECD PARIS

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PARIS FOR RFC

DEPARTMENT PASS TREASURY

E.O. 11652: ADS

TAGS: EFIN KU

SUBJ: KUWAIT DINAR REVALUATIONRUMORS DENIED

REF: A) KUWAIT 2479 (NOTAL); B) JIDDA 3428

1. RECENT SAUDI RIYAL REVALUATION LED TO SPATE OF RUMORS HERE THAT KUWAIT DINAR (KD) WOULD BE REVALUED AS WELL. THERE HAS BEEN INTERMITTANT NERVOUSNESS HERE FOR PAST SEVERAL WEEKS OVER WHETHER GOK WOULD REVALUE KD AND SOME OBSERVERS FELT GOVERNMENT WOULD FOLLOW SAG LEAD.

2. DURING CONVERSATION ON OTHER MATTERS DEPUTY GOVERNOR CENTRAL BANK TOLD EMBOFF THERE NOTHING TO RUMORS. MOREOVER, HE EXPRESSED

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PAGE 02 KUWAIT 02964 181345Z

DOUBT THAT SAUDI ACTION WOULD BE SUCCESSFUL IN LOWERING IMPORT

PRICES SUGGESTING THAT HE BELIEVES REVALUATION NOT A PARTICULARLY EFFECTIVE MEANS OF TEMPERING VERY STRONG INFLATION WHICH CURRENTLY EXISTS IN KUWAIT.

3. COMMENT: BELIEVE REMARKS OF CENTRAL BANK HEAD TOGETHER WITH OTHER EVIDENCE AT OUR DISPOSAL STRONGLY INDICATES GOK NOT CONTEMPLATING REVALUATION FOR NOW. THERE ARE SOME HINTS THAT GOK MIGHT CONSIDER FLOATING KD, BUT AS LONG AS US DOLLAR DOES WELL, BELIEVES GOK WILL CONTINUE PREFER TO LET KD FOLLOW DOLLAR. WHEN AND IF DOLLAR DROPS SHARPLY AGAIN, RUMORS OF REVALUATION AND/OR FLOAT WILL GAIN STRENGTH. DECONTROL 7/1/74
STOLTZFUS

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Disposition Remarks:
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Enclosure: n/a
Executive Order: N/A
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Film Number: n/a
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30 JUN 2005

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Review Withdrawn Fields: n/a
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To: STATE
Type: TE
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